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Marine Outlook

Highlights of the Marine Industry

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PORTS IN QUEBEC

Montreal

Increase in handled tonnage

As of September 30, 2007, the total handled tonnage was 19.1 Mt, or 2% more than the same period last year. This increase is almost exclusively due to the 7.1% increase of general cargo tonnage, of which a 9.7% increase was containerized cargo contained in this category. As for liquid cargo (petroleum products and others), it increased by barely 0.4%.[1]

[1] Montreal Port Authority.

Quebec

Increase in handled tonnage

As of September 30, 2007, the tonnage handled at the Port of Quebec City totalled 19 Mt, or 13%. This increase is due mainly to the increase in ore and concentrate tonnage, as well as chemical product tonnage. The port welcomed 975 ships, approximately 75 more than during the first three quarters of 2006.[2]

Incidentally, the continuously growing tonnage at the Port of Quebec prompts the port authorities to build two additional quays in order to meet the needs of its clientele. The riverbank sector of the Baie de Beauport would be the location planned for these expansion projects. The port authorities make it clear that the sector would enable the completion of this required expansion, while still preserving the site's park.[3]

Sept-Îles

Slight decrease in handled tonnage

As of September 30, 2007, the total handled tonnage at the Port of Sept-Îles totalled 15.4 Mt, that is, 0.5% less than for the same period of last year. During the first three quarters of 2007, 407 ships transited through the Port of Sept-Îles, one less than for the same time period last year.[4]

[2] Quebec Port Authority.
[3] Lemieux, Julie, "Ross Gaudreault claims monies from Ottawa – The Quebec Port requires new quays, pleads the president", Le Soleil, October 23, 2007.
[4] Sept-Îles Port Authority.

Furthermore, the Alouette aluminum plant commissioned a firm of engineers to evaluate whether or not the current land could take on a third flow line. If this project becomes a reality, it would enable an increase of 200,000 t in the aluminum plant's annual production, something which clearly indicates that it is still too soon to confirm that there will be a phase 3. It is to be remembered that the implementation of the aluminum plant's phase 2 in 2005 allowed the enterprise to increase its annual aluminum production by 550,000t.[5]

Port-Cartier

Rebuilding of the Port-Cartier Port breakwater

Quebec-Cartier will invest $5M to redo the rock-fill of the breakwater of its port at Port-Cartier. For two years, the enterprise has realized various maintenance undertakings on the structure that is approximately 50 years old. According to a recent evaluation, the 300-metre breakwater is too damaged to guarantee the long-term safety of maritime traffic.[6]

Sorel

Decrease in handled tonnage

As of September 30, 2007, the total handled tonnage at the Port of Sorel was 3.8 Mt, a decrease of 21% in comparison with the same time period last year. The drop of ilmenite transhipments originating from Havre-Saint-Pierre is the main explanation for this decrease in handled tonnage at Sorel-Tracy. The workers of the QIT Fer et Titane Company in Havre-Saint-Pierre were on strike in September and October, thus largely explaining this significant drop in tonnage. The QIT Company has been working an open-pit mine of ilmenite since 1950 at Lake Tio.[7] The annual production of approximately 3 Mt is expedited by ship to its metallurgical complex in Sorel-Tracy via the Havre-Saint-Pierre Port. In terms of traffic, 200 ships docked at the Havre-Saint-Pierre Port, approximately forty less that for the same time period last year.[8]

Havre-Saint-Pierre

Decrease in handled tonnage

As of September 30, 2007, the total handled tonnage at the Havre-Saint-Pierre Port was 1.7 Mt, 48% less than for the same time period last year.[9]

Port-Alfred

Increase in handled tonnage

As of September 30, 2007, the total handled tonnage at the Port-Alfred Port was 3.5 Mt, an increase of 13% from the same time period last year. The dry bulk cargo (bauxite, alumina, green coke and calcinated coke) as well as the liquid cargo (sodium hydroxide and fuel oil) increased by 12% and 33% respectively. In terms of traffic, 98 ships transited through the port, approximately 10 more than the same time period last year.[10]

Baie-Comeau

Increase in handled tonnage

As of September 30, 2007, the handled tonnage at the Baie-Comeau Port totalled 3.3 Mt, an increase of 6% in comparison to the same time period last year. In terms of traffic, the port welcomed 117 ships during the first three quarters of 2007, an increase of just over ten ships compared to the same time period last year.[11]

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[5] "Aluminerie Alouette – Une étude pour la phase 3", Radio-Canada Website, October 5, 2007.
[6] "Québec-Cartier souhaite restaurer son brise-lames", Radio-Canada Website, September 5, 2007.
[7] Paradis, Steeve, "Grève chez QIT Fer et Titane", Le Soleil, September 1, 2007.
[8] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transports Canada, 2006 and 2007.
[9] Management and development corporation of the Havre-Saint-Pierre Port.
[10] Port-Alfred Port Authority.
[11] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transports Canada, 2006 and 2007.

To this tonnage, approximately 431,000 t of goods should be added that transited through the Baie-Comeau Port via the *Georges-Alexandre-Lebel* during the first three quarters of the year. This represents a drop of 24% in comparison to the same time period last year. During the first three quarters of 2007, the train ferry made 262 round-trip voyages, or 82 less than for the same time period last year.[12] Between Matane and Baie-Comeau, the number of crossings went from 12 to 6 per week following the closure of several small businesses of the forestry industries.[13]

Transports Canada announced the undertaking of major rebuilding work at the Baie-Comeau Port with the goal of rebuilding the n°3 container berth of the commercial quay. The project will consist mainly of rebuilding a permanent and secure access route for vehicles and of strengthening the docking side of the n°3 container berth. As well as ensuring maritime safety near the structure in the dock, this work will allow the preserving of the protection of the harbour against waves, ice and sedimentation and will guarantee safe access for the heavy vehicles that operate at container berths 1 and 2.[14]

Trois-Rivières

Decrease in handled tonnage

As of September 30, 2007, the tonnage handled at the Port of Trois-Rivières was 1.6 Mt, 15% less than for the same time period last year. This decrease can be explained by the drop in tonnage of all goods: grains and cereals, dry bulk cargo, liquid cargo, and general cargo. The port welcomed 222 ships during the first three quarters of the year, two more than for the same time period last year.[15]

[12] "Reports of the tonnages handled on the *Georges-Alexandre-Lebel* train ferry", SOPOR and COGEMA, 2006 and 2007.
[13] Thériault, Carl, "Cogema veut diversifier ses marchés", Le Soleil, September 4, 2007.
[14] "The new Canadian Government will proceed with major rebuilding work at the Baie-Comeau Port", Press release, Transports Canada, July 5, 2007.
[15] Trois-Rivières Port Authority.

Bécancour

Increase in handled tonnage

As of September 30, 2007, the handled tonnage at the Bécancour Port totalled 1.5 Mt, an increase of 81% in comparison to the same time period last year. This steep rise can specifically be explained by the increase of alumina and chemical salt tonnage. The port welcomed 122 ships, approximately 30 more than for the first three quarters of 2006.[16]

Gros-Cacouna

Increase in handled tonnage

As of September 30, 2007, the tonnage handled at the Gros-Cacouna Port totalled 175,000 t, 43% more than for the first three quarters of 2006. This rise is due mainly to an increase in fertilizer, newspaper, wood pulp, sand and gravel tonnage. The port welcomed a total of 39 ships, seven more than for the same time period last year.[17]

The methane tanker terminal project at Gros-Cacouna has been delayed for two years. Rather than putting it into service in 2010, the promoter is now saying 2012. This report is due to the business conditions that have made the cost of metals explode but also to the configuration of the marine part of the infrastructure that has to be reviewed and this, in order to minimize the impact on marine fauna. Énergie Cacouna also raises the issue of necessarily settling a firm contract in the procurement of natural gas.[18]

Rimouski

Decrease in handled tonnage

As of September 30, 2007, the total tonnage handled at the Rimouski Port was 166,000 t,

[16] Bécancour Port Authority.
[17] "Detailed report of tonnage handled in the harbours and ports of Quebec", Transports Canada, 2006 and 2007
[18] Larouche, Marc, "Gros-Cacouna retardé", Le Soleil, September 27, 2007; "Énergie Cacouna – Reporté à 2012", Radio-Canada Website, September 26, 2007.

8.5% less than the same date last year. This drop is mainly explained by the decrease in de-icing salt, gasoline, sand and gravel tonnage. In terms of transit, 50 ships docked at the port, one less than for the same time period last year.[19]

Port-Saguenay

Slight decrease in handled tonnage

As of September 30, 2007, the total tonnage handled at the Port-Saguenay Port was 237,073 t, 0.3% less than for the same time period last year. Wood pulp and de-icing salt are among the goods that recorded a drop in tonnage. The port welcomed 37 ships during the first three quarters of 2007, 5 less than for the same time period last year.[20]

Matane

Increase in handled tonnage

As of September 30, 2007, the total tonnage handled at the Port of Matane was 170,000 t, 6% more than on the same date last year. The increase in de-icing salt and gasoline tonnage is the main cause of this rise. The port welcomed 28 ships during the first three quarters of 2007, three more than for the same period last year.[21]

431,000 t of goods should be added to this tonnage that transited through the Port of Matane via the *Georges-Alexandre-Lebel* during the first three quarters of the year, a drop of 24% in comparison with the same time period last year. To date in 2007, the train ferry has made 262 round-trip voyages.[22]

[19] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transports Canada, 2006 and 2007.
[20] Port-Saguenay Port Authority.
[21] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transports Canada, 2006 and 2007.
[22] "Reports of the tonnages handled on the *Georges-Alexandre-Lebel* train ferry", SOPOR and COGEMA, 2006 and 2007.

Gaspé

Decrease in handled tonnage

As of September 30, 2007, the tonnage handled at the Port of Gaspé totalled 550,000 t, 12% less than for the same time period last year. The drop in de-icing salt, gasoline and petroleum product tonnages explains this decrease. The port welcomed 23 ships, compared to 16 ships during the same time period last year.[23]

The federal and provincial governments will invest $35M in order to allow the Corporation du chemin de fer de la Gaspésie to acquire the Matapedia-Chandler railway leg within 5 years. This will allow this company which already owns the Chandler-Gaspé line to possess the Matapedia-Gaspé centre line. This investment of public funds aims at dissipating the uncertainties surrounding the railway services in Gaspésie, endangered over the years by the closures of the Chandler and New Richmond pulp and paper plants and the copper smelter at Murdochville. According to Quebec's premier, this investment should contribute to increasing the traffic at the Port of Gaspé.[24]

Pointe-au-Pic

Increase in the handled traffic

As of September 30, 2007, the total tonnage handled at the Pointe-au-Pic Port was 99,700 t, 76% more than the same time period last year. This rise is explained entirely by the increase in newspaper tonnage. The number of ships in transit at the port increased with a total traffic of 20 ships, 10 more than for the same time period in 2006.[25]

[23] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transports Canada, 2006 and 2007
[24] Gagné, Gilles, "35 M$ pour le chemin de fer gaspésien", Le Soleil, June 29, 2007.
[25] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transports Canada, 2006 and 2007.

REVIEW OF THE FIRST THREE QUARTERS OF 2007

Estimate and Comparison of the Tonnage Handled in Quebec's Major Ports During the First Three Quarters in 2007 and 2006

List of ports	2007 Jan.-Sept.	2006 Jan.-Sept.	Variation [26] 2006 / 2005
1. Montreal	19.1 Mt	18.7 Mt	+ 2.2%
2. Quebec City	19 Mt	16.8 Mt	+ 13%
3. Sept-Îles	15.4 Mt	15.5 Mt	- 0.5%
4. Port-Cartier	N.D.	N.D.	---
5. Sorel	3.8 Mt	4.8 Mt	- 21%
6. Port-Alfred	3.5 Mt	3.1 Mt	+ 13%
7. Baie-Comeau [27]	3.3 Mt	3.1 Mt	+ 6%
8. Havre-Saint-Pierre	1.7 Mt	3.2 Mt	- 48%
9 Trois-Rivières	1.6 Mt	1.9 Mt	- 15%
10. Bécancour	1.4 Mt	798 kt	+ 81%
11. Port-Saguenay	237 kt	238 kt	- 0.3%
12. Gros-Cacouna	175 kt	123 kt	+ 43%
13. Matane [27]	170 kt	161 kt	+ 6%
14. Rimouski	166 kt	181 kt	- 8.5%
15. Pointe-au-Pic	100 kt	57 kt	+ 76%
16. Gaspé	56 kt	63 kt	- 12%
17. Chandler	3.9 kt	2.9 kt	+ 37%
18. Portneuf	0	87 kt	---
Total (excluding Port-Cartier)	**69.7 Mt**	**68.8 Mt**	**+ 1.3%**

Sources: Port Authorities and Transports Canada

Compilation: DRPE, Fisheries and Oceans Canada, Quebec region.

Chandler

Increase in handled tonnage

As of September 30, 2007, the tonnage handled at the Chandler Port totalled 3,905 t, 37% more than in 2006. The increase in de-icing salt transhipments entirely explains this rise in tonnage. Only one ship docked at the Chandler Port during the first three quarters, in comparison to nine during the same time period last year.[28]

Portneuf

There was no tonnage handled at the Portneuf Port in 2007.[29]

[26] The tonnage variations are calculated from the unrounded data of handled tonnage.
[27] These data do not include the tonnage transiting through the Bair-Comeau and Matane ports via the *Georges-Alexandre-Lebel* train ferry.
[28] "Detailed report of the tonnage handled in the harbours and ports of Quebec", Transports Canada, 2006 and 2007

[29] Ibid

PORTS IN EASTERN CANADA

Port of Saint-John (NB)

Five year tonnage increase project

anning on
The Saint John's Port Authority is plahe next 5 doubling the tonnage handled within thage of 2 years. Objectively, this means a tonnmodities, Mt of bulk cargo, 1 Mt of various com) cruise 100,000 containers and 200,000 this goal passengers. The port expects to reachemerging by profiting from, notably, the markets from China and India.[30]

Halifax

Decrease in handled tonnage

l tonnage
As of September 30, 2007, the handledame time reached 9 Mt, 12% less than for the sandled at period last year. The main goods hantainers, the Halifax Port, both bulk cargo and co17% and recorded significant drops in tonnage, 6% respectively.[31]

006, that
Despite these decreased results in 2e Halifax have been occurring since 2005, the increase Port Authority remains determined to , it plans its handled tonnage. More specifically ategy. A on focusing on its Suez/Tall ships strips have growing number of post-panamax shideployed been entered into fleet service and rec able to around the world. Halifax should beships that attract a few of the growing number of s Another are transiting through the Suez Canal. the easy asset for the development of the port is that the access to the North American marketsng more Port authority definitely plans on taki advantage of.[32]

roughput in

[30] Williams, Christopher, "Saint John looks to double th next five years", Canadian Sailings, May 28, 2007. eptember
[31] "Port of Halifax Monthly Statistics - Year to end of Se 2007", Halifax Port Website. f, Maritime
[32] Livingstone, Andrew, "Le port de Halifax repart à neu Magazine, number 44, spring 2007.

MARINE SECURITY

Canadian-Amerian marine security pilot project

Officers from the American Coast Guard have held, for several weeks now, the temporary powers of peace officers and can therefore stop and question and arrest Canadians in Canadian territory. Powers were granted to them as a part of the Shiprider pilot project, that is taking place on the Saint-Lawrence Seaway, between Cornwall and Valleyfield, as well as in British Columbia. The Royal Canadian Mounted Police (RCMP) explains that these American officers are under Canadian supervision, and points out that some of their own agents hold some of the same intervention powers over a section of American waters. The Shiprider pilot project's goal is to allow officers from both countries to obtain information and to carry out operations against drug traffickers, couriers and cigarette smugglers.

This initiative follows the Montebello Summit, Where Canada's Prime Minister and The US President had asked their respective ministers to "seek new innovative and interoperable legal compliance models that are in compliance to both our respective laws and that would promote integrated cross-border operations such as the International Canada-United-States maritime security operations, in order to better protect citizens against criminal and terrorist threats."[33]

SEAWAY

Decrease in total cargo and traffic on the Seaway

During the first three quarters of the year, the Seaway welcomed 2929 ships, a drop of 7.7% in comparison to last year. At the same time, a drop in tonnage is also observed during the same time period. The ships transiting through

[33] "Le Canada ouvre la porte aux policiers américains", Radio-Canada Website, September 13, 2007.

the Seaway transported 28 Mt, 13% less than last year. With the exception of ore, all other cargos (ex: cereals, coal, general cargo and other bulk cargo) registered a decrease in tonnage.[34]

Anticipated decrease of the total tonnage transiting on the Seaway in 2007

The St. Lawrence Seaway Management Corporation (SLSMC) announced that since the beginning of the 2007 navigation season, the volumes of transported goods have evolved to a level lower than what was expected. The revised previsions for the year now stand at 44 Mt of cargo, lower than the 47.2 Mt of last year.[35]

This drop in the volume of goods transported on the Seaway is due to a decrease of steel imports caused by the high stocks and by a slowdown of Canadian industrial production. Given that there are fewer ocean-going ships loaded with steel using the Seaway locks, there are also fewer ships in the network to transport grain on the return trip toward overseas locations.[36]

GLOBAL MARITIME TRANSPORT

Sharp increase in maritime tariffs

The ocean freighters used to transport dry goods have reached records for several years, the global fleet not capable of managing rapidly growing traffic caused by the industrialization of China. The supply of available ships has greatly dropped over the last few years, and importers are willing to pay steep prices in order to reserve a ship. This has contributed to an increase in maritime tarrifs.[37]

MARITIME TRANSPORT IN CANADA

Ottawa, Quebec and Ontario Trade agreement in order to maximize the maritime transport in the central line of the St. Lawrence River

For the purpose of profiting to the maximum from the maritime transport growth and international trade, Ottawa, Quebec and Toronto have agreed to work together to improve the infrastructure of transport of goods in the central line of the St. Lawrence River. In July, the Government of Canada, Quebec and Ontario Transportation Ministers signed a memorandum of understanding to that effect.

In accordance with this agreement, an advisory board will be implemented to study, during the next two years, tendencies in matters of international trade and means of implementation in order to see the commercial corridor of the St. Lawrence profit from it. The board will also look to maximize the connections between air, maritime, road and railway transportations and to establish strategies for their optimal use.[38]

A new container port in Nova Scotia

Nova Scotia will be provided with a new port intended for containers, that will be operational in 2010. The Melford International Terminal Company Inc. will be the owner of the port. Located in Melford near Canso, the company will acquire 315 acres from the provincial government and projects 1500 additional acres for the development of a logistics park. The terminal will be capable of handling close to 500,000 containers from the first year of operations.

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[34] "Résultats mensuels du trafic de la Voie maritime", Réseau Grands Lacs / Voie maritime du Saint-Laurent, September 30, 2007.
[35] "La Voie maritime s'emploie à élargir sa clientèle", Réseau Grands Lacs / Voie maritime du Saint-Laurent, 27 June, 2007.
[36] Ibid

[37] "L'industrie chinoise fait exploser les tarifs maritimes", La Presse, September 10, 2007.
[38] Saint-Arnaud, Pierre, "L'axe du fleuve dans la mire", Le Soleil, July 31, 2007.

With the continually growing congestion of container ports on the American and Canadian East Coast, Melford International is confident of being able to corner a significant part of the market, notably by offering access free of ice all year round and proximity to road and railway networks serving the main North American markets.[39]

MARITIME TRANSPORT IN QUEBEC

Rebuilding of port installations at Matane, Gros-Cacouna, Cap-aux-Meules and Rimouski

Transports Canada announced an investment of approximately $13 M for several Quebec ports and this, in order to execute several rebuilding projects in order to maintain the safety of installations and to ensure the continuation of port activities. More specifically, the ports of Matane, Gros-Cacouna, Cap-aux-Meules and Rimouski will have significant sums allocated to them to proceed with the Following work: repair of the breakwater at the Port of Matane, dredging of the Gros-Cacouna Port, dredging of the Cap-aux-Meules Port and sampling of the sediment quality at the Rimouski Port for dredging purposes.[40]

INTERMODAL TRANSPORT

Renovation of the Matapedia and Gulf railways

The Canadian and Quebec governments, as well as the Chemin de fer de la Matapédia et du Golfe (CFMG), announced an investment of over $14 M for the renovation of the railway between Rivière-du-Loup and Matane and between Mont-Joli and Matapedia. The CFMG, owned by the Quebec Railway Corporation, allows companies from Gaspésie and Eastern Quebec to reach the North American and overseas markets at competitive rates. It links various parts of eastern Quebec, and notably the North Shore of the St. Lawrence River, to the south shore by the *Georges-Alexandre-Lebel* ferry train, as well as Eastern Quebec to New Brunswick.[41]

Introduction of the hy-rail intermodal park in Baie-Comeau

In October, the Société du port ferroviaire de Baie-Comeau (SOPOR) introduced its hy-rail intermodal park in the city's industrial park. With an area of one million square feet, the park includes a transhipment of goods centre that is capable of welcoming 25 railway cars and a storage track with a 34 railway car capacity. It is linked to the port by a 6.3 km railway.[42]

At the Baie-Comeau Port, the SOPOR has been making use, for nearly 30 years, of a railway terminal capable of welcoming 250 railway cars. From there, it expedites, via the ferry train, forest produce and the North Shore aluminum products toward North American markets. However, because of the current difficulties being experienced by the forestry industry, the expedition of forest products has decreased by 28% since the beginning of the year. The *Georges-Alexandre-Lebel* ferry train has reduced the number of its trips between Baie-Comeau and Matane from 12 to 6 per week.[43]

ENVIRONMENT

The St. Lawrence water level is low

The St. Lawrence water level became so low that those in charge of controlling the flow have decided to open the sluices. The International St. Lawrence River Board of Control, jointly

[39] Peters, Tom, "New Container Port in the Works for Nova Scotia", Canadian Sailings, June 18, 2007.
[40] "The new Canadian government will invest close to 13 million dollars into the Lower St.Lawrence, Gaspésie and Iles-de-la-Madeleine ports", Press release, Transports Canada, July 5, 2007.

[41] "The Canadian and Quebec governments invest in the improvement of the railway of Matapédia and the Gulf", Canada NewsWire, June 28, 2007.
[42] Duhamel, Alain, "Un nouveau parc intermodal en pleine crise forestière", Les Affaires, September 8, 2007.
[43] Ibid

managed by the Canadian and American governments, has authorized a 24-hour flow augmentation. On Saturday October 13, the Cornwall dam let through an extra 300 cubic meters of water per second.[44]

Let it be said that several factors, both natural and artificial, can influence the level of water in the St. Lawrence. One of these, carried out by the International Mixed Commission, is the control of the flow rate past the dam. This time the drought, in progress for some time in the Michigan and Minnesota regions is thought to be the cause of the lower water levels in the Great Lakes and as an indirect result, on the St. Lawrence.[45]

Green Marine: an environmental partnership for the marine industry

The St. Lawrence and Great Lakes marine industry has invested in a voluntary environmental program for the entire maritime corridor. Green Marine is an initiative from associations representing the Canadian and American marine industry. The environmental policy of the marine industry, the St. Lawrence and the Great Lakes regroups some thirty companies which represents more than half of maritime activity.

In the first phase, the marine industry will focus on the six following issues:

- Invasive species: reduce the risk of introduction caused by ballast water waste;
- Polluting atmospheric emissions: reduce sulfur oxide and nitrogen oxide emissions by the marine industry;
- Greenhouse gases: reduce emissions by the modernization of the fleet;
- Cargo residue: reduce residues produced during the operations of ship loading and unloading;
- Oily waters: minimize all discharge risks;
- Usage conflicts: reduce the harmful effects of ports (noise, dust, odors and light).[46]

COMMODITIES

Iron Ore

Anticipated Increase in Quebec's Production of Iron Ore

The IOC Mining Company announced a capital program of $60M to increase the production of its facilities in Sept-Îles and Labrador City. The annual production of iron ore concentrate, currently 16 Mt, will increase to 18.4 Mt starting in mid-2008 and even up to 21 Mt at the end of that same year.[47]

The Consolidated Thompson company will invest $400 M to restore and work a new iron mine at its Lac Bloom location on the North Shore, near Fermont, where the deposit is estimated at 639 Mt of iron ore. Consolidated Thompson foresees the extraction of 17 Mt of iron ore annually, that will be concentrated onsite then sent via railway or conveyor to the Wabush, Labrador, and from there, to the Sept-Îles Port. Once construction has been completed, and considering the mines already being worked on the North Shore, there will therefore be two iron mines in Fermont (Consolidated Thompson and Québec-Cartier) and two others in Wabush (Wabush Mines and Iron Ore du Canada).[48]

Wheat

Expected Drop in Canadian Wheat Exports

The most recent forecasts have demonstrated that the annual Canadian hard wheat production[49] had only increased by 6% by the

[44] Croteau, Martin, "Le Saint-Laurent au « niveau d'alerte"", Le Droit, October 6, 2007.
[45] Trahan, Brigitte, "Le bas niveau du fleuve complique la navigation", Le Nouvelliste, September 12, 2007.

[46] Green Marine Website: www.green-marine.org/determination.htm
[47] Paradis, Steeve, "La minière IOC investit 60 M$", Le Soleil, August 3, 2007.
[48] Desjardins, François, "Projet minier de 400 millions à Fermont", Le Devoir, June 20, 2007; Paradis, Steeve, "Côte-Nord investissement projeté de 500 M$", Le Soleil, June 20, 2007.
[49] "Canada: perspectives des céréales et oléagineux", Agriculture et Agroalimentaire Canada, monthly bulletin, August 29, 2007.

end of July 2007, because of the hot and dry wheather that prevailed in southern Saskatchewan, the main province of hard wheat production. The supply has retreated by 27% in comparison to last year because of an obvious contraction of the stocks. Consequently, the Department of Agriculture and Agri-Food Canada (AAFC) predicts that the exportations will diminish by 26% compared to the record volume of 4.5 Mt recorded in 2006-2007. [50]

The production of common wheat is estimated to have retreated by 23% and has reached its lowest volume since 2002-2003. The production of wheat in western Canada will regress by approximately 21% and the total Canadian supply will also decrease by 21%. The exportations should diminish by 30% under the combined effects of a reduced supply and an improved domestic demand. [51]

Aluminum

High global aluminum demand

The global aluminum market is doing very well. The global demand could even double in the next 15 years. However, Quebec could possibly not profit from this growth because of the emergence of new electricity producing countries. Alcan and Alcoa will increase their productions, but maybe not in Quebec. The new factories will be set up in countries with abundant and low cost energy. Quebec will therefore have to review its strategy if it wants to preserve its part of the global market, estimated at 10%. [52]

Moreover, Alcon is deeply preoccupied by the low level of its water reservoirs that are only 70% full, a level that has not been this low for 18 years. Essentially, the reservoirs have to be 80% full in order for the aluminum plant not to lose power during the winter. Alcan is also not able to purchase electricity during this period, the time of year when Hydro-Québec needs all of its energy. If their reservoir levels do not rise, Alcan could have to close potrooms during the winter and the production could consequently lower. [53]

Lumber and Newsprint

Drop in Quebec production of lumber

The monthly timber production of Canadian sawmills dropped, in June, to its lowest level for this period in five years, while the forestry sector companies were still adjusting to the drop in American demand for residential construction. Quebec suffered the greatest work slowdown in the country, with a drop of 20.4%. The volatility resulting from the American housing market, the mortgage loan sector problems and the tightening of credits make forecasting very uncertain. [54]

Drop in North American demand for newsprint

The North American demand for newsprint has sustained a setback reaching up to 10% and the Canadian dollar is worth approximately $1.04 US. Consequently, Canadian manufacturers will have to reduce production in order to re-establish a balance in the market. [55] The strength of the Canadian dollar and the drop in the lineage of large American daily newspapers are equally responsible for this situation. [56]

Natural Gas

The BAPE gives its backing for the Rabaska methane port

The Rabaska methane port project passes the Bureau d'audiences publiques sur l'environnement's (BAPE) and the Canadian Environmental Assessment Agency's assessment with flying colours. The BAPE

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[50] ibid
[51] "La ruée vers l'or gris échapperait au Québec", Radio-Canada Website, September 4, 2007.
[52] "Pluie attendue avec impatience", Radio-Canada Website, September 6, 2007.

[53] "La production de bois d'œuvre chute", La Presse, August 24, 2007.
[54] "Abitibi-Consolited et Bowater: la fusion est approuvée", Le Droit, July 27, 2007.
[55] "Une mauvaise passe pour les secteurs du bois et du papier", Le Soleil, July 11, 2007.
[56] Mercier, Jules, "Rabaska – Le BAPE cautionne le projet", La Terre de chez nous, vol.78 – no 24, July 12, 2007.

recognizes the risks related to the methane terminal, but nevertheless deems them acceptable. The project mostly loses points regarding its visual impact on the landscape of the Beaumont shoreline. Considering the potential for energy exchange, commissioners go as far as proposing extending the dezoning over a larger area so that companies may set up near the future terminal. Keep in mind that, at the end of June, Quebec and Ottawa gave the green light for the Gros-Cacouna methane terminal.[57]

Petrolium

Oil exploration in Gaspésie

The Junex Mineral Exploration Company undertook significant drilling work in the region of Baie-des-Chaleurs. Seismic studies demonstrated strong petrolium potential in the sector located approximately twelve kilometres from Paspebiac. Junex drilled its first borehole at the beginning of August. If the studies are correct, the deposit will have an area of 30 square kilometres on the horizontal closure and 300 meters on the vertical closure, which could represent an exploitation potential of half a billion barrels.[58]

FERRIES

Fixed crossing project between the ports of Sept-Îles and Matane

The Cogema Company, owner of the *Georges-Alexandre Lebel* ferry train between Matane and Baie-Comeau, intends to establish a fixed crossing between Sept-îles and its home port in Matane. The IOC mining firm was first to use the ferry train between Matane and the La Relance quay at the Sept-Îles Port. Two trips have already been made for trial purposes between Matane and Sept-Îles.[59] For its part, the Sept-Îles Port Authority has invested $8.5 M since last year in the development of a terminal and its connection to the mining railway networks of Arnaud, owned by Wabush Mines and Quebec North Shore & Labrador.[60]

Commodity transportation project in Minganie

Merchants from the Lower North Shore are working on a commodity transportation project in Minganie. These business people want to offer a complementary service to the transport service of the *Nordik Express* that serves the Middle and Lower North Shores. The goal is to transport certain types of commodities in larger quantities and at better rates than what can be offered by the *Nordik Express*.[61]

The Camille-Marcoux in dry dock

The *Camille-Marcoux* will undergo repair work during the next few months. The ship's hull and thrusters will be inspected and the stabilizers, damaged by last winter's ice, will be repaired.

The *CTMA Vacancier* replaced the *Camille-Marcoux* during its time in dry dock from October 1 to November 23. The *CTMA Vacancier*, which usually sails towards the Îles-de-la-Madeleine, can transport up to 225 automobiles and 552 passengers. Because of the bigger capacity of the ship, the daily number of trips will diminish from three to two during the replacement period.[62]

Reconstruction of Les Escoumins quay and rebuilding of the Trois-Pistoles quay

The reconstruction work for the Les Escoumins quay will begin in November. Because of the presence of marine mammals in the sector, the essentials of the site will be done in the winter season. The quay, closed now for two and a half years, will be ready by mid- May. The end of the work is anticipated for the end of spring

[57] "Junex mise sur la Baie-des-Chaleurs", Radio-Canada Website, September 6, 2007.
[58] Thériault, Carl, "Cogema veut diversifier ses marchés", Le Soleil, September 4, 2007.
[59] Duhamel, Alain, "Un nouveau parc intermodal en pleine crise forestière", Les Affaires, September 8, 2007
[60] "Des gens de la région s'organisent", Radio-Canada Website, June 26, 2007.
[61] "Le CTMA Vacancier prendra la relève du Camille-Marcoux", Radio-Canada Website, August 30, 2007.
[62] « Une autre étape vient d'être franchie », Radio-Canada Website, September 6, 2007.

2008. As for the rebuilding work for the Trois-Pistoles quay, they will only begin in the spring and could stretch over more than one year.

All this work has become necessary for the resumption of service of the ferry between Trois-Pistoles and Les Escoumins, because of the pitiful state of the port infrastructures. The service interruption since 2005 has incurred annual losses of $5 M in economic impact for both municipalities. [63]

The *Nordik Express* collides with shoals

On August 16 of this year, the *Nordik Express* ship, which ensures the liaison and supplying for all the Lower North Shore communities, collided with the shoals of the Harrington Harbour Bay. After being out of service for three weeks for repairs, the ship restarted services on September 11 of this year. [64]

EXCURSION CRUISES

Cruise-excursion ships pollute the river waters in Montreal

Human waste from hundreds of thousands of passengers who board cruise ships at the Old Port of Montreal finds itself in the river. This was revealed by an inquiry conducted by the Journal de Montréal. It required only a few tablets of rodomine and red food colouring, placed in the toilets of a tour boat in order to realize that it all ends up in the river waters once the toilet is flushed.

For now, this procedure is legal, but only for a little while. In fact, Transport Canada has recently enacted a new rule that will obligate marine structures to be equipped with a holding tank or a cleaning device for the treatment of waste water. However, the day tour cruise companies have five years to comply. [65]

INTERNATIONAL CRUISES

Development of the cruise market in Quebec

The Association des croisières du Saint-Laurent (ACSL) wants to place the river's estuary among the major cruise routes, similar to those of Alaska and the Mediterranean. According the ACSL's director general, the hydrographic complex of the St. Lawrence/Saguenay presents extraordinary potential and the time is especially favourable, since the cruise companies are actively seeking new business opportunities.

As well as the port visits in Quebec, Montreal and Saguenay, the ACSL also wants to promote stops in regional ports (Gaspé, Percé, Trois-Rivières, Îles-de-la-Madeleine, Sept-Îles, Baie-Comeau and Havre-Saint-Pierre) so that cruise companies may discover Quebec nature. The ACSL is also attempting to convince the cruise companies to schedule cruises to leave from and return to Quebec or Montreal. [66]

Sept-Îles: the first cruise ship in 2009

Sept-Îles will welcome its first cruise ship in May 2009. This honour will go to a ship that regularly sails through the waters of the St. Lawrence, the *Maasdam*. The efforts of the Destination Sept-Îles Nakauinanu agency to place Sept-îles on the map of major cruises will therefore have been successful. For this inaugural voyage, the agency hopes to have the collaboration of all its partners in order to allow the cruise passengers the opportunity to discover Sept-Îles and its surroundings. [67]

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[63] « Le Nordik Express heurte le fond », Radio-Canada Web Site, August 18, 2007; « Nordik Express, c'est reparti! » Radio-Canada Web Site, 11 septembre 2007.
[64] "Des bateaux de croisière souillent les eaux du fleuve à Montréal", La Presse Canadienne, July 5, 2007
[65] "Des bateaux de croisière souillent les eaux du fleuve à Montréal", La Presse Canadienne, July 5, 2007
[66] Désiront, André, "Le fleuve Saint-Laurent, grande destination de croisières", Le Soleil, June 30, 2007
[67] Paradis, Steeve, "Les bateaux de croisière accosteront à Sept-Îles dès 2009", Le Soleil, September, 26 2007

A cruise ship anchored in Quebec

Benoît Denis, a businessman, is working on a cruise project with an international mission anchored in Quebec. The eventual cruise ship named the *Esprit du Saint-Laurent* would navigate the St. Lawrence and go as far as Saint-Pierre-et-Miquelon, transporting 8,908 passengers for seven days and seven nights. Its home port would be Lévis, and many port stops would be scheduled: Baie-Comeau, Îles-de-la-Madeleine, Havre-Saint-Pierre, Saint-Pierre-et-Miquelon and Trois-Rivières. The fifteen or so million dollar project would, however, require government financial participation and these, for now, are refusing to commit.[68]

Cruise in the Great Canadian North

The fad of cold water cruises is very profitable for the Cruise North Expeditions (CNE) company, a young company belonging to the Inuit of the Great North of Quebec. In its third year of expeditions, more than 800 passengers from Canada, the US and Europe have experienced a cruise in the cold waters of the Canadian Arctic. The cruise passengers board the *Lyubov Orlova*, a Russian ship, with reinforced hull and a capacity of 122 passengers, that CNE charters during the summer season.

Since 2005, CNE has offered about ten trips per year, with a duration of eight to twelve days. The cruises take place in mid-September, the period when the Canadian Arctic is no longer a prisoner to ice. The cruise allows the discovery of the Labrador coasts, the Hudson Strait, the Baffin Island and even Resolute, in Canada's Far North, when the ice has liberated the North-West passage. The expeditions also plan trips to Inuit villages and excursions to observe fauna. Because of the lack of docking facilities in this region, the passengers dock in inflatable canoes.[69]

PLEASURE BOATING

Stricter standards for pleasure boating

Last June, Transport Canada announced amendments to the competency standards for pleasure craft operators, which set stricter standards for the administration of exams in matters of water safety. The new amendments include stricter requirements regarding the individuals who administer the exams and impose more accountability for the administration department of examinations before delivering pleasure craft operator cards.[70]

The competency card will be mandatory

As of September 15, 2009, all marine craft operators will have to obtain a competency card in order to navigate on lakes. The training required to obtain the card will contribute, notably, to making the operators even more accountable by teaching them the safety rules. Take note that the competency certificate was already mandatory for operators under the age of 24 years, operators of crafts measuring less than four meters and personal watercraft.[71]

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[68] Lévesque, Cindy, "Un rêve de 15 millions $", Le Nouvelliste, October 9, 2007; Lévesque, Cindy, "Le gouvernement manque le bateau", Le Nouvelliste, October 9, 2007.

[69] Diotte, Simon, "Des croisières... dans le Grand Nord!", Le Nouvelliste, October 6, 2007.

[70] "Safest standards for pleasure boating established by the new Canadian government", Press release, Transports Canada, June 27, 2007.

[71] "La carte de compétence sera obligatoire", Radio-Canada Website, July 11, 2007.

COMMENTS

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